



NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION
One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2003

Institution: Capital Bank & Trust Company
7 Southwoods Blvd.
Albany, NY 12211

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Capital Bank & Trust Company (“CBT”) prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2003.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low- and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public (“Evaluation”). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

CBT is rated "2," indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following factors:

- ***Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities:*** The bank's LTD ratio is considered more than reasonable in light of the bank's size, financial condition and the credit needs of its assessment area. The bank's average LTD ratio for the eight quarters ended December 31, 2003 was 85.22%, which is well above the peer group's average of 75.7%.
- ***Assessment Area Concentration:*** The bank originated a majority of its loans within the assessment area. In 2002 and 2003, CBT originated 208 loans (61.4%) in Albany County totaling \$26.8 million (58%). The bank's assessment area lending improved proportionally in number and dollar volume percentage from 2002 to 2003 by 8.1% and 16%, respectively.
- ***Geographic Distribution of Loans:*** The bank's geographic distribution of loans reflects marginally reasonable dispersion among census tracts of different income levels. CBT originated 20 (19.8%) and 13 (13.8%) small business loans in LMI census tracts in 2002 and 2003, respectively. Approximately 25.3% and 32.2% of the businesses in Albany County were located in LMI census tracts in 2002 and 2003, respectively.
- ***Distribution by Borrowers Characteristics:*** The bank's lending distribution in the assessment area reflects reasonable penetration among businesses of different revenue sizes. Loan size was used as a proxy for evaluating borrower characteristics of small businesses since revenue size was not available. The bank originated 69.2% by number and 25.1% dollar volume and 69.3% by number and 19.3% dollar volume of loans less than or equal to \$100 thousand in 2002 and 2003, respectively. These percentages represent a decline from the prior examination in both loan and dollar volume. In 2000 and 2001 CBT originated 79.3% by number and 41.7% dollar volume and 73.8% number and 28.9% dollar volume, respectively, of loans less than or equal to \$100 thousand.
- Neither the bank nor the New York State Banking Department received any complaints with respect to its CRA performance during the evaluation period.

This evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in 1995, CBT is a commercial bank located in Albany and is the only bank headquartered in Albany County.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition ("Call Report") at December 31, 2003, CBT reported total assets of \$88.5 million, of which \$68.6 million (77.5%) were loans and lease finance receivables. It also reported total deposits of \$81.7 million, resulting in a loan-to-deposit ratio of 84%. According to comparative deposit data dated June 30, 2003, CBT obtained a market share of 0.86%, (\$81.3 million) out of \$9.4 billion inside its market, ranking it number 11 among 16 deposit-taking institutions in Albany County. The bank's market share has decreased every year since June 30, 2000 when it held 1.53% of the county's deposits. As of June 30, 2001 and 2002, CBT's market share was 1.43% and 1.12%, respectively.

The following is a summary of the bank's loan portfolio, based on Schedule RC-C of the bank's December 31, 2001, December 31, 2002, and December 31, 2003 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2001		12/31/2002		12/31/2003	
	\$(000's)	%	\$(000's)	%	\$(000's)	%
1-4 Family Residential Mortgage Loans	4,383	6.3	4,204	5.8	4,137	6.0
Commercial & Industrial Loans	34,234	49.1	36,171	49.6	31,039	45.3
Commercial Mortgage Loans	25,640	36.8	28,069	38.5	30,240	44.1
Multifamily Mortgages	3,050	4.4	2,731	3.7	1,995	2.9
Consumer Loans	1,790	2.6	1,236	1.7	937	1.4
Construction Loans	434	0.6	420	0.6	194	0.3
Other Loans	227	0.3	155	0.2	21	0.0
Total Gross Loans	69,758	100.0	72,986	100.0	68,563	100.0

As illustrated in the above chart, CBT is primarily a commercial lender, with 45.3% and 44.1% of its loan portfolio in commercial and industrial loans and commercial mortgage loans, respectively, as of December 31, 2003. The chart indicates that CBT has increased its percentage of commercial loans every year: 85.9% in 2001, 88.1% in 2002 and 89.4% in 2003. The bank offers a limited number of consumer loan products and only originates HMDA-reportable loans on an accommodation basis to its business customers.

While the bank has neither opened nor closed any branches since the prior evaluation, CBT sold all eight of its off-site Automated-Teller-Machines.

CBT operates two banking offices; both are located in the same middle-income census tract in Albany County, which is adjacent to an LMI census tract. Supplementing the banking offices is one 24-hour non-deposit taking ATM located at one of the branch offices.

The bank is an approved Small Business Administration (“SBA”) lender; however, it did not originate any SBA loans during the evaluation period.

The bank received a rating of “2,” reflecting a satisfactory record of helping to meet community credit needs at its prior Performance Evaluation conducted by the New York State Banking Department as of December 31, 2001.

There are no known financial or legal impediments that adversely impacted the bank’s ability to meet the credit needs of its community.

Assessment Area:

The bank has designated Albany County, one of the five counties in MSA 0160 (Albany-Schenectady-Troy), as its assessment area. The assessment area appears reasonable based upon the location of bank’s offices and its lending patterns. There is no evidence that LMI areas have been arbitrarily excluded.

Details of Assessment Area:

According to the 2000 US census, there were 73 census tracts in the county, of which 10 (13.7%) were low-income, 9 (12.3%) were moderate-income, 32 (43.8%) were middle-income and 22 (30.1%) were upper-income. In 1990, the county had 68 census tracts, of which 4 (5.9%) were low-income tracts, 11 (16.2%) moderate-income, 33 (48.5%) middle-income and 20 (29.4%) upper-income tracts.

According to the U.S. Census Bureau in 2000, Albany County had a population of 294.6 thousand; however, in 2003 there is an estimated decrease of 4.4% to 281.6 thousand persons. Approximately 14.5% (42.6 thousand) of the 2000 population was over the age of 65 and 19.9% (58.6 thousand) was below the age of 16.

There were 71.3 thousand families in the county of which 19% (13.6 thousand) were low-income, 17.1% (12.2 thousand) were moderate-income, 21.8% (15.6 thousand) were middle-income and 42% (30 thousand) were upper-income families. The county has 25.8 thousand LMI families, 37.7% (9.7 thousand) lived in LMI tracts and they accounted for 67.1% of all the families (14.5 thousand) that lived in LMI tracts. There were 120.6 thousand households in the county of which 10.7% (12.9 thousand) had income below the poverty level.

In 2000, there were 130 thousand housing units in the county of which, 80.9% (105.1 thousand) were 1-4 family units, 17.4% (22.7 thousand) were multifamily units and 1.7% (2.2 thousand) were mobile units. Approximately 53.5% (69.5 thousand) of the housing units were owner-occupied and 12.4% (8.2 thousand) of these were located in LMI tracts. Approximately 39.2% (51 thousand) of the housing units were renter occupied and 41.5% (21.2 thousand) of these were in LMI tracts. Approximately 7.3% (9.5 thousand) of all housing units were vacant. The median housing value was \$110.7 thousand and the median age of the houses was 34 years.

The 2000 median family income for the county was \$57.9 thousand and the median income for the MSA was \$54.3 thousand. HUD's estimated median family income for the MSA was \$55.5 thousand in 2002 and \$59.8 thousand in 2003.

According to a Dun and Bradstreet survey, in 2003 there were 22.1 thousand non-farm businesses in the county, of which 12.9 thousand (58.4%) had annual revenues of \$1 million or less. Approximately 1.5 thousand (7%) had revenues of more than \$1 million and 7.6 thousand (34.6%) were businesses on which no revenues were reported. Approximately 17 thousand (75.6%) of all the businesses in the area had fewer than 50 employees and 18.4 thousand (81.8%) operated from a single location.

The four largest business categories (according to SIC* codes) in Albany County were: services, 9.5 thousand (42.2%); retail trade, 3.5 thousand (15.6%); non-classifiable establishments, 2.8 thousand (12.6%); and construction, 1.5 thousand (6.7%).

According to the New York State Department of Labor, the county's average unemployment rates were 3.2% and 3.5% in 2002 and 2003, respectively. The county's 2002 average unemployment rate was slightly higher than the MSA's average rates of 3.1%, but lower in 2003 when the MSA percentage was 3.8%. Albany County's average unemployment rates were well below the New York State's average rates of 6.1% in 2002 and 6.3% in 2003.

Portions of Albany County have been designated as Empire Zones[†] ("EZ") by the State of New York, based on community economic distress. The Albany County Empire Zone is presently located in Cohoes, Colonie, Green Island, Guilderland, Menands, Latham, and Watervliet. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

A part of the City of Albany shares a Federal Enterprise Community ("FEC") with portions of Schenectady, in Schenectady County and Troy, in Rensselaer County that is called the Capital Region Enterprise Community. This area receives financial and technical support from a multiple of federal agencies, including HUD, USDA, HHS[‡], Treasury, Labor and Justice as well as from the state and local governments. The program's purposes is to increase the employment opportunities of the residents through job training and economic development, to create new jobs and retain current jobs as well as programs for affordable housing, education and childcare. Various federal tax benefits and other assistance are available to businesses that open or employ residents in a FEC.

* Standard Industrial Classification ("SIC") System categorized by the US Department of Labor.

† Empire Zones were formerly titled Economic Development Zones.

‡ Department of Health and Human Services.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

CBT's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities, (2) Assessment Area Concentration, (3) Geographic Distribution of Loans, (4) Distribution by Borrower Characteristics, and (5) Action Taken in Response to Written Complaints Regarding CRA.

The evaluation period included calendar years 2002 and 2003. Examiners considered small business lending in evaluating factors (2), (3) and (4), as noted above. HMDA-reportable loans were not included in this evaluation since CBT only originates these loans on an accommodation basis to its business clients.

Small banks are exempt from reporting small business loan data due to their asset size; therefore, there will be no comparison to aggregate data, since CBT is not part of the aggregate.

- **Loan-to-Deposit Ratio Analysis and Other Lending-Related Activities: "Outstanding"**

The bank's LTD ratio is more than reasonable considering the bank's size, financial condition and the credit needs of the assessment area.

The bank's average LTD ratio for the eight quarters ended December 31, 2003 was 85.22%, which is well above the peer group's average of 75.7%. CBT's peer group includes all insured commercial banks having assets between \$50 million and \$100 million in a metropolitan area with two or fewer full service offices. These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the FDIC. As shown in the table below, the bank's LTD ratios were usually higher than the peer group's.

Loan-to-Deposit Ratios									
	2002 3/31	2002 6/30	2002 9/30	2002 12/31	2003 3/31	2003 6/30	2003 9/30	2003 12/31	Average LTD
Bank	88.00	88.56	85.66	86.40	87.51	89.82	74.31	81.96	85.22
Peer	75.29	76.42	75.66	75.85	74.87	75.42	75.45	76.64	75.70

- **Assessment Area Concentration: "Satisfactory"**

The bank originated a majority of its loans within the assessment area. The following chart details the bank's assessment area lending during the evaluation period. In 2002 and 2003, CBT originated 208 loans (61.4%) in Albany County totaling \$26.8 million (58%). The percentage of loans within the bank's assessment area improved proportionally by 8.1% and dollar volume improved by 16% from 2002 to 2003.

Capital Bank & Trust Assessment Area Lending Comparison								
Small Business	2002				2003			
	Number	No. Pct.	\$ (000s)	\$ Pct.	Number	No. Pct.	\$ (000s)	\$ Pct.
IN	107	59.12	12,838	53.84	101	63.92	13,937	62.46
OUT	74	40.88	11,008	46.16	57	36.08	8,377	37.54
TOTAL	181	100.00	23,846	100.00	158	100.00	22,314	100.00

	2002 and 2003 Combined			
	Number	No. Pct.	\$ (000s)	\$ Pct.
IN	208	61.36	26,775	58.00
OUT	131	38.64	19,385	42.00
TOTAL	339	100.00	46,160	100.00

- **Geographic Distribution of Loans: “Satisfactory”**

The geographic distribution of CBT’s small business loans reflects marginally reasonable dispersion throughout the assessment area. The bank’s performance was compared to the distribution of businesses among census tracts of different income levels.

The following chart provides a summary of the bank’s small business loan distribution during the evaluation period:

2002 Distribution of Small Business Loans by Census Tract Income Level (1990 US Census)						
Census Tract Income	Capital Bank & Trust				Business Demographics	
	Number of Loans	No. Pct.	\$ (000s)	\$ Pct.	Number of Business	Pct. Business
Low	14	13.86%	\$1,655	13.22%	3,645	16.74%
Moderate	6	5.94%	\$778	6.22%	1,865	8.57%
<i>LMI Total</i>	20	19.80%	\$2,433	19.44%	5,510	25.31%
Middle	45	44.55%	\$4,395	35.11%	10,053	46.18%
Upper	36	35.64%	\$5,689	45.45%	6,206	28.51%
Total	101	100.00%	\$12,517	100.00%	21,769	100.00%

2003 Distribution of Small Business Loans by Census Tract Income Level (2000 US Census)						
Census Tract Income	Capital Bank & Trust				Business Demographics	
	Number of Loans	No. Pct.	\$ (000s)	\$ Pct.	Number of Business	Pct. Business
Low	5	5.32%	\$336	2.60%	4,975	22.54%
Moderate	8	8.51%	\$1,213	9.39%	2,139	9.69%
<i>LMI Total</i>	13	13.83%	\$1,549	11.99%	7,114	32.23%
Middle	44	46.81%	\$5,534	42.84%	8,241	37.34%
Upper	37	39.36%	\$5,836	45.17%	6,718	30.44%
Total	94	100.00%	\$12,919	100.00%	22,073	100.00%

In 2002, CBT originated 20 loans (19.8%) totaling \$2.4 million (19.4%); in 2003, CBT originated 13 loans (13.8%) totaling \$1.5 million (12%) in LMI census tracts*. In 2002, 25.3% of all businesses in Albany County were located in LMI census tracts. In 2003, the number of businesses in LMI census tracts increased to 32.2%†. Based on the percentage of business in LMI census tracts, it appears that further lending opportunities existed in those areas. At the prior evaluation covering years 2000 and 2001, CBT's penetration ratios were 16.1% and 15.3%, respectively. Although the penetration ratio for 2002 was greater than 2001, the absolute number of loans extended in LMI areas was approximately 43% lower in 2002. In 2003, LMI penetration ratio declined proportionally from 2002 levels by 30.15% and 38.82% based on number of loans and dollar volume, respectively.

- **Distribution by Borrower Characteristics: "Satisfactory"**

The distribution of small business loans based on borrower characteristics reflects reasonable penetration among businesses of different sizes.

Analysis based on revenue size was not performed, as the annual business revenue was unavailable. CBT stated that approximately 90% of its loans are to small businesses. Loan size was used as a proxy for evaluating borrower characteristics of small businesses. The following chart provides a summary of the bank's small business lending distribution based on loan size during the evaluation period:

Distribution of Small Business Loans by Loan Size								
Loan Size \$ (000's)	2002				2003			
	No.	No. Pct.	\$	\$ Pct.	No.	No. Pct.	\$	\$ Pct.
<=\$100	74	69.16%	\$3,220	25.08%	70	69.31%	\$2,696	19.34%
>\$100<=\$250	19	17.76%	\$3,412	26.58%	14	13.86%	\$2,299	16.50%
>\$250<=\$1MM	14	13.08%	\$6,206	48.34%	17	16.83%	\$8,942	64.16%
Total	107	100.00%	\$12,838	100.00%	101	100.00%	\$13,937	100.00%

Loan data provided by the bank reveals that a reasonable proportion of small business loans were originated in amounts of \$100 thousand or less.

The bank originated 69.2% (25.1% dollar volume) and 69.3% (19.3% dollar volume) of loans less than or equal to \$100 thousand in 2002 and 2003, respectively. These percentages represent a decline from the prior examination in both loan and dollar volume. In 2000 and 2001 CBT originated 79.3% (41.7% dollar volume) and 73.8% (28.9% dollar volume), respectively, of loans less than or equal to \$100 thousand.

* CRA-WIZ software is employed to geo-code the location of small business loans but it cannot geo-code certain addresses. This accounts for the discrepancy between the bank's assessment area total loans (208) and the geo-coded total loans (195).

† Note that the business demographics include small and large businesses, as well as those with unknown revenues.

- **Action Taken In Response to Written Complaints With Respect to CRA**

Since the prior CRA evaluation as of December 31, 2001, neither the bank nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance.

- **Discrimination and Other Illegal Practices**

Any practices intended to discourage applications for types of credit set forth in the banking institution's CRA Public File.

Examiners noted no practices that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations conducted currently with this evaluation indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **Process Factors**

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

The bank's staff and Board of Directors ascertain business credit needs by meeting with community organizations. As a small commercial bank, CBT meets with the New York State Business Development Corporation often in its efforts to assist small businesses.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

CBT did not actively market its commercial products during the evaluation period. The bank had advertised in the *Capital District Business Review* in the past and plans to actively market again through this business-focused medium.

The extent of participation by the banking institution's board of directors in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

Presently the board of directors reviews CRA activities primarily through the audit committee. The bank's new management team is instituting quarterly CRA reports directly to the board by the designated CRA officer who is responsible for overall compliance.

- **Other Factors**

Other factors that in the judgment of the Superintendent and Banking Board bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None noted

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

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- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;
 - Organizations engaged in affordable housing rehabilitation and construction;
 - Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
 - Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women's centers, and alcohol and drug recovery centers;
 - Projects eligible for low-income housing tax credits;
 - State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
 - Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
 - Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A "community development service" is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM "Training Machines" available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;

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- ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income, In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

LMI Penetration Rate

A number that depicts the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.